

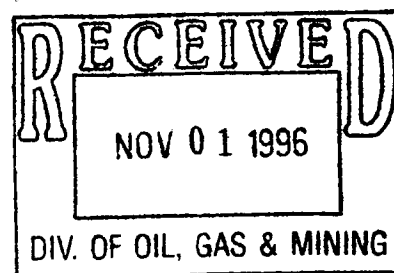
**UTAH  
INDEPENDENT  
BANK**

55 South State  
Salina, Utah 84654  
Phone (801)529-7459

Letter of Credit No. 25071929

October 29, 1996

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, UT 84114-5801



Gentlemen and Ladies:

✓ 1. Utah Independent Bank (Surety), of Salina, Utah, hereby establishes this irrevocable letter of credit in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$15,000.00 (reclamation cost estimate) in United States dollars ("Face Amount") effective immediately.

✓ 2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m., (Salt Lake City time) on October 30, 1997 or (b) the date upon which sufficient documents are executed by the Division to release Western Clay Company ("Operator") from further liability for reclamation of the Hebe Gypsum Mine, M/O15/072 with notice to Bank of Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.

✓ 3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.

✓ 4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. \_\_\_\_\_ delivered to the office of the Surety, 55 South State Street, P. O. Box 9, Salina, Utah 84654. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

✓ 5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph 4 of this Letter of Credit, available to the Division no later than the close

of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such a manner as the Division may specify.

✓ 6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

✓ 7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addresses to the Surety at 55 South State Street, P. O. Box 9, Salina, Utah 84654, referencing Letter of Credit No.

Very truly yours,

Utah Independent Bank

By: Mike Shaw

A handwritten signature in cursive script, appearing to read "Mike Shaw", is written over a horizontal line.

CFO/Cashier